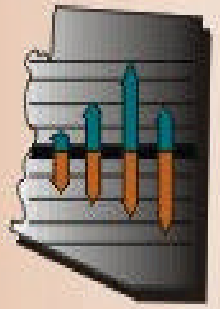


ARIZONA'S WORKFORCE

A press release from the Arizona Dept. Of Economic Security, Research Administration



August 14, 2003

Arizona's Unemployment Rate Rises to 6.1 Percent Despite Job Gains in Many Industries

Arizona's seasonally adjusted unemployment rate was 6.1 percent in July, an increase of two-tenths of a percent from the 5.9 percent in June. A greater than average rise in the number of unemployed and a decline in the number of employed combined to send the adjusted rate to a higher level.

Arizona's economy showed a loss of 28,300 non-farm jobs in July. These losses were mostly seasonal reductions in the state's public education sector (-22,800 jobs) as faculty and staff departed for summer break. Besides public education, seasonal losses occurred in the tourism related industry groups of trade (-2,200 jobs), leisure and hospitality (-5,500 jobs) and other services (-1,500 jobs).

Goods-producing industries gained 900 jobs because of strength in manufacturing and construction. In contrast, service-providing industries lost 29,200 jobs. Unlike recent months, both the public (-22,800) and private sector (-5,500) lost jobs

Government job losses (-22,800) were greater-than average because of unexpected losses in federal government (-400 jobs) and deeper-than-anticipated losses in state government (-4,800 jobs). The education portion of state government has taken the deepest cuts compared to the non-education portion of state government.

With a decrease of 5,500 jobs, leisure and hospitality job losses were below the ten-year average. Losses in the sector of arts, entertainment and recreation were deeper-than-seasonal with a decrease of 900 jobs.

Arizona, U.S. Economic Indicators

Jobless Rate (Seasonally Adj.)

	<u>July '03</u>	<u>June '03</u>	<u>July '02</u>
United States	6.2%	6.4%	5.8%
Arizona	6.1%	5.9%	6.3%
Phoenix-Metro	5.5%	5.2%	5.7%
Tucson-Metro	4.8%	4.5%	5.0%

Arizona Nonfarm Payroll Employment (in Thousands)

	<u>July '03</u>	<u>June '03</u>	<u>July '02</u>
Overall	2,234.8	2,263.1	2,221.4
Over-Month Pct. Chg.	-1.3%	-1.2%	-1.3%
Year to Year Pct. Chg.	0.6%	0.6%	0.2%

Other services posted a larger-than-average loss of 1,500 jobs.

Trade job losses (-2,200) were unexpected in July. The wholesale sector lost 700 jobs while the retail sector had a decrease of 1,500 jobs. Weakness in trade, particularly the retail sector, has persisted for most of the year with job losses in almost all of the first seven months with the sole exception of gains in May. This continued weakness does not suggest the return of unrestrained consumer spending to the state.

Retail trade sectors with greater-than-average losses included clothing and general merchandise stores (-800 jobs), furniture and home furnishings (-200 jobs), building material and gardening supplies (-600 jobs) and food and beverage stores (-200 jobs). Motor vehicles and parts dealers and electronics and appliance stores each had below normal gains of 100 jobs.

Transportation, warehousing and utilities remained unchanged. Truck transportation had a

(continued on page 2)

deeper than expected loss of 200 jobs after two consecutive months of healthy gains. In contrast, air transportation remained unchanged and utilities had a small gain (+100 jobs).

Information services remained unchanged despite losses in the reported sectors of telecommunications (-100 jobs) and publishing (-100 jobs).

Natural resources and mining was unchanged in July.

Financial activities had a slight gain of 100 jobs because of expansion in real estate, rental and leasing (+300 jobs). However, staffing reductions were reported in insurance (-200 jobs) and contracts for securities and commodities (-100 jobs).

Manufacturing (+100 jobs) had a second consecutive month of unexpected, yet welcome gains. Durable goods had a gain of 100 jobs despite reductions in the computer and electronic products sector (-200 jobs). All other published durables sectors remained unchanged. However, nondurables fabricators remained flat.

Construction had a less-than-average increase of 800 jobs. Gains in the sectors of special trades (+800 jobs) and buildings (+500 jobs) were balanced by losses in heavy construction (-500 jobs). For most of the year, construction has been growing because of strength in special trades overcoming the weakness in heavy and building construction. Mortgage rates have recently begun to rise

and it will be interesting to see how they affect construction employment in the coming months.

Professional and business services had a larger-than-average gain of 2,200 jobs. Strong gains in the sector of employment services (+3,000 jobs) helped to surmount losses in most other sectors.

Educational and health services had a gain of 500 jobs. The typical trend for this industry group is to lose jobs in July. However, health care continued with gains (+700 jobs). In line with seasonal trends, social assistance and educational services each followed seasonal trends with a reduction of 100 jobs.

Arizona's nonfarm jobs figures showed mixed results in July. The first encouraging sign was that July figures showed an over-the-year gain of 13,400 nonfarm jobs for the thirteenth consecutive month. A second encouraging sign was job growth in the industries of manufacturing, construction, professional and business services along with educational and health services. The greatest cause for concern was the continued weakness in trade that suggested softness in consumer spending. Recently, spending by consumers, not businesses, has been holding up the local and national economy. Notably, a recent release of national retail sales figures by the US Department of Commerce showed an increase in July that suggests a potential improvement in consumer spending.

Release Presented by: Phoenix – Don Wehbey, DES Senior Economist, Research Administration

Contact: For clarification or additional information, call (602) 542-3871

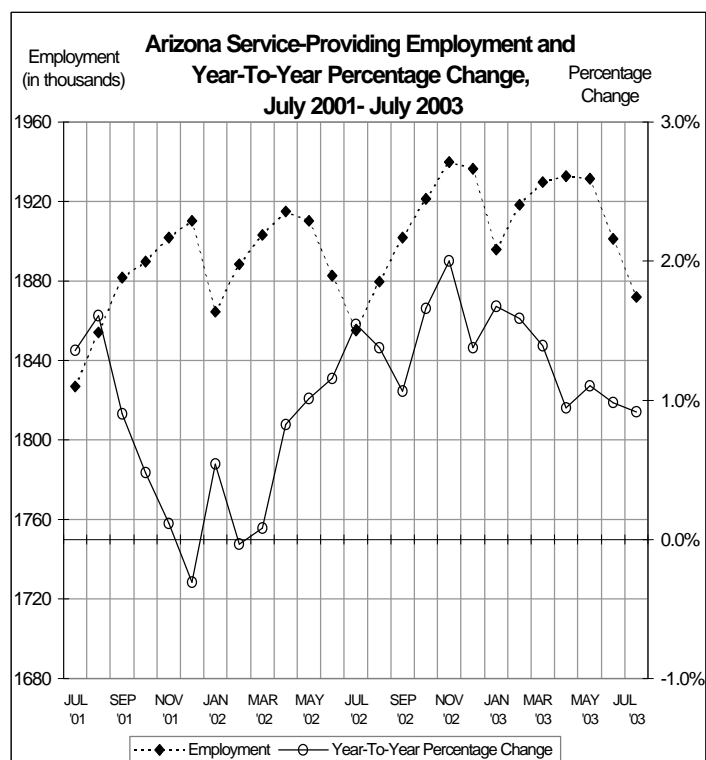
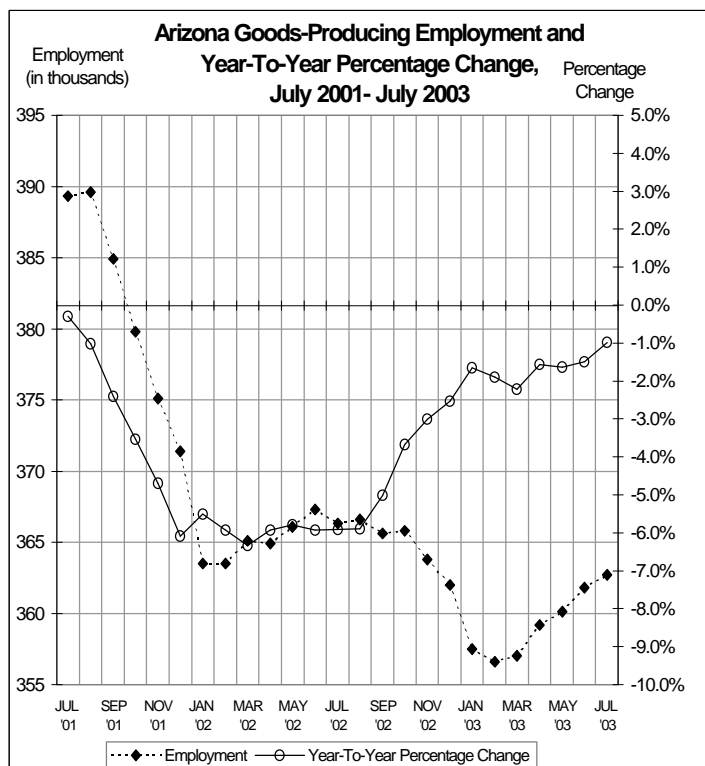
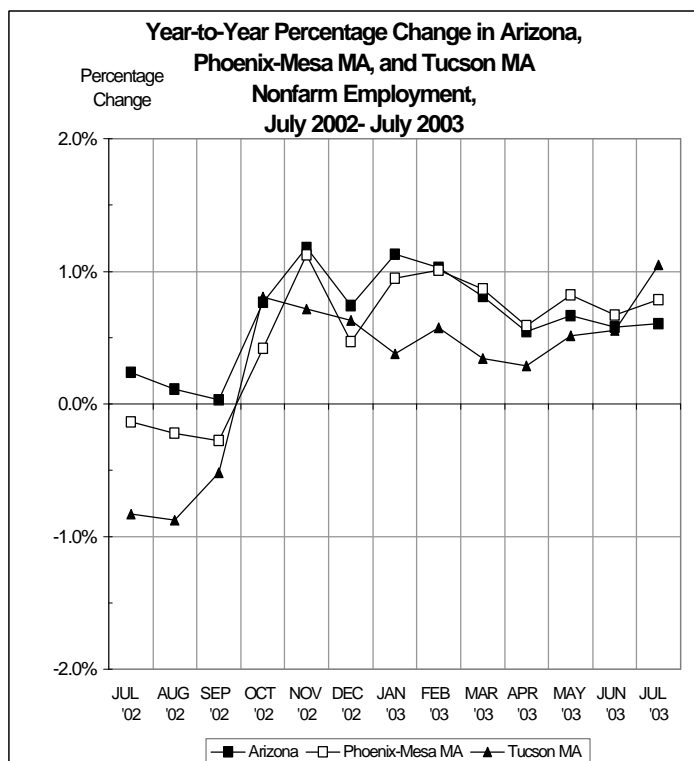
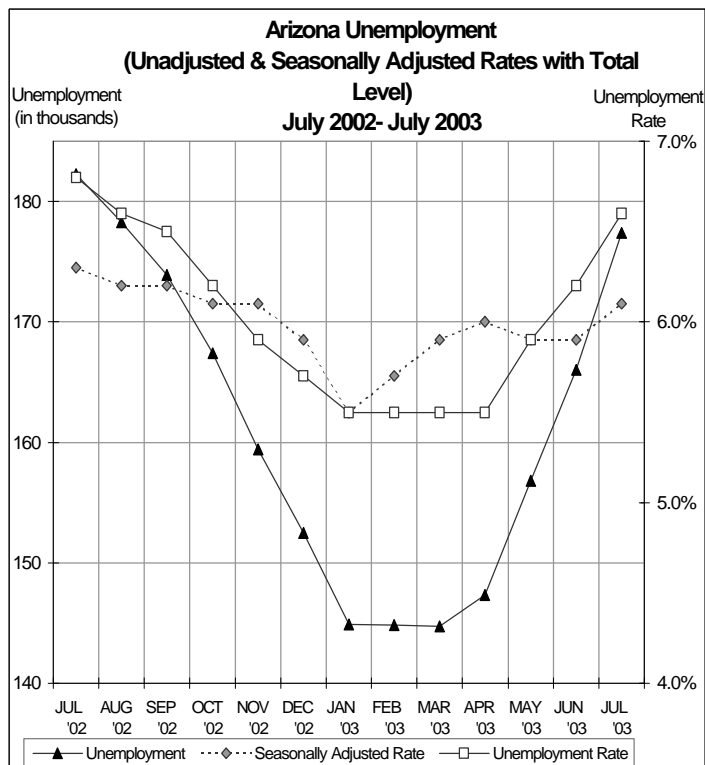
Next Press Briefing: **Annual Forecast Update** -Thursday, August 28, 10:00 a.m.,
DES Administration Building, Room 110, 1717 W. Jefferson St., Phoenix

The Arizona Workforce (Press Release) is now on the Internet.
<http://www.de.state.az.us/links/economic/webpage/index.html>
Please contact our office, if you still want a faxed copy each month.

Equal Opportunity Employer/Program

Under the Americans with Disabilities Act (ADA), the department must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. For example, this means that if necessary, the department must provide sign language interpreters for people who are deaf, a wheelchair-accessible location, or enlarged print materials. It also means that the department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. This document is available in alternative formats by contacting the Arizona Department of Economic Security, Research Administration, at (602) 542-3871.

LABOR MARKET TREND CHARTS



Source: Dept. of Economic Security, Research Administration and U.S. Dept. of Labor, Bureau of Labor Statistics, August 2003

Table 1

Arizona Labor Force, Employment, and Unemployment Data, July 2003 (a)

(in Thousands)

	July 2003(b)	June 2003(c)	July 2002	Monthly/Yearly Change	
				June '03 July '03	July '02 July '03
Civilian Labor Force (d)	2,685.3	2,680.9	2,698.1	4.4	-12.8
Unemployment	177.4	166.0	182.3	11.4	-4.9
Unemployment Rate	6.6%	6.2%	6.8%	0.4	-0.2
Unemployment Rate (Seasonally Adjusted) (e)	6.1%	5.9%	6.3%	0.2	-0.2
Total Employment	2507.9	2514.9	2,515.8	-7.0	-7.9
Nonfarm Payroll Employment (f,g)	2,234.8	2,263.1	2,221.4	-28.3	13.4
Private Sector	1,886.2	1,891.7	1,871.9	-5.5	14.3
Government	348.6	371.4	349.5	-22.8	-0.9
Goods-Producing Industries	362.7	361.8	366.3	0.9	-3.6
Manufacturing	175.3	175.2	184.4	0.1	-9.1
Durable Goods	139.6	139.5	148.4	0.1	-8.8
Fabricated Metal	16.7	16.7	17.0	0.0	-0.3
Computer and Electronic Parts	44.7	44.9	49.5	-0.2	-4.8
Aerospace Products and Parts	27.4	27.4	28.5	0.0	-1.1
Nondurable Goods	35.7	35.7	36.0	0.0	-0.3
Natural Resources and Mining	8.6	8.6	9.0	0.0	-0.4
Metal Ore Mining	6.0	6.0	6.3	0.0	-0.3
Construction	178.8	178.0	172.9	0.8	5.9
Buildings	31.6	31.1	32.0	0.5	-0.4
Heavy	26.7	27.2	27.1	-0.5	-0.4
Specialty Trades	120.5	119.7	113.8	0.8	6.7
Service-Providing Industries	1,872.1	1,901.3	1,855.1	-29.2	17.0
Trade, Transportation and Utilities	441.2	443.4	439.5	-2.2	1.7
Trade	364.2	366.4	363.2	-2.2	1.0
Wholesale Trade	92.2	92.9	93.5	-0.7	-1.3
Retail Trade	272.0	273.5	269.7	-1.5	2.3
Clothing and General Merchandise Stores	67.9	68.7	66.8	-0.8	1.1
Department Stores	38.9	39.5	38.8	-0.6	0.1
Motor Vehicle and Parts Dealers	42.5	42.4	42.9	0.1	-0.4
Furniture and Home Furnishings	11.6	11.8	11.1	-0.2	0.5
Electronics and Appliance Stores	8.6	8.5	9.4	0.1	-0.8
Building Materials and Garden Equipment	21.2	21.8	20.8	-0.6	0.4
Food and Beverage Stores	49.7	49.9	48.2	-0.2	1.5
Transportation, Warehousing and Utilities	77.0	77.0	76.3	0.0	0.7
Transportation and Warehousing	66.1	66.2	65.0	-0.1	1.1
Air Transportation	13.8	13.8	14.4	0.0	-0.6
Truck Transportation	16.9	17.1	18.2	-0.2	-1.3
Utilities	10.9	10.8	11.3	0.1	-0.4
Information	48.5	48.5	51.1	0.0	-2.6
Publishing Industries (except Internet)	11.6	11.7	12.2	-0.1	-0.6
Telecommunications	19.1	19.2	20.3	-0.1	-1.2
Financial Activities	154.1	154.0	154.5	0.1	-0.4
Finance and Insurance	108.9	109.1	109.9	-0.2	-1.0
Credit Intermediation and Related Activities	64.9	64.8	64.7	0.1	0.2
Insurance Carriers and Related Activities	35.4	35.6	35.4	-0.2	0.0
Securities, Commodity Contracts	8.6	8.7	9.8	-0.1	-1.2
Real Estate and Rental and Leasing	45.2	44.9	44.6	0.3	0.6
Professional and Business Services	319.6	317.4	317.6	2.2	2.0
Professional, Scientific and Technical	96.3	96.7	100.4	-0.4	-4.1
Management of Companies and Enterprises	20.4	20.5	21.0	-0.1	-0.6
Administrative and Support and Waste	202.9	200.2	196.2	2.7	6.7
Employment Services	104.3	101.3	96.0	3.0	8.3
Business Support Services	26.8	26.8	28.0	0.0	-1.2
Services to Buildings and Dwellings	36.1	36.2	35.3	-0.1	0.8
Educational and Health Services	245.2	244.7	230.8	0.5	14.4
Educational Services	32.2	32.3	29.9	-0.1	2.3
Health Care and Social Assistance	213.0	212.4	200.9	0.6	12.1
Health Care	182.2	181.5	172.4	0.7	9.8
Ambulatory Health Care Services	87.0	86.6	81.1	0.4	5.9
Hospitals	60.5	60.2	58.3	0.3	2.2
Nursing and Residential Care Facilities	34.7	34.7	33.0	0.0	1.7
Social Assistance	30.8	30.9	28.5	-0.1	2.3
Leisure and Hospitality	227.0	232.5	226.2	-5.5	0.8
Arts, Entertainment and Recreation	29.2	30.1	29.1	-0.9	0.1
Accommodation and Food Services	197.8	202.4	197.1	-4.6	0.7
Accommodation	41.5	42.0	41.7	-0.5	-0.2
Food Services	156.3	160.4	155.4	-4.1	0.9
Other Services	87.9	89.4	85.9	-1.5	2.0
Government	348.6	371.4	349.5	-22.8	-0.9
Federal	51.0	51.4	49.4	-0.4	1.6
State	77.8	82.6	82.5	-4.8	-4.7
State Education	36.3	41.0	40.0	-4.7	-3.7
Local	219.8	237.4	217.6	-17.6	2.2
Local Government Education	98.3	116.4	95.0	-18.1	3.3

Notes:

For other notes and source, see Table 3

Table 2
Phoenix-Mesa Metropolitan Area Labor Force, Employment, and Unemployment Data, July 2003 (1)(a)

(in Thousands)

	July 2003(b)	June 2003(c)	July 2002	Monthly/Yearly Change	
				June '03 July '03	July '02 July '03
Civilian Labor Force (d)	1,796.5	1,794.4	1,803.0	2.1	-6.5
Unemployment	100.4	95.1	104.8	5.3	-4.4
Unemployment Rate	5.6%	5.3%	5.8%	0.3	-0.2
Unemployment Rate (Seasonally Adjusted) (e)	5.5%	5.2%	5.7%	0.3	-0.2
Total Employment	1,696.1	1,699.3	1,698.2	-3.2	-2.1
Nonfarm Payroll Employment (f,g)	1,576.6	1,594.6	1,564.3	-18.0	12.3
Private Sector	1,388.3	1,391.6	1,376.0	-3.3	12.3
Government	188.3	203.0	188.3	-14.7	0.0
Goods-Producing Industries	261.7	260.8	266.8	0.9	-5.1
Manufacturing	129.9	129.9	138.6	0.0	-8.7
Durable Goods	102.7	102.6	110.8	0.1	-8.1
Fabricated Metal	12.5	12.4	13.0	0.1	-0.5
Computer and Electronic Products	38.3	38.5	43.1	-0.2	-4.8
Aerospace Products and Parts	15.3	15.4	15.4	-0.1	-0.1
Non-Durable Goods	27.2	27.3	27.8	-0.1	-0.6
Natural Resources and Mining	2.3	2.4	2.4	-0.1	-0.1
Construction	129.5	128.5	125.8	1.0	3.7
Buildings	21.0	20.4	21.4	0.6	-0.4
Heavy	20.3	20.6	20.6	-0.3	-0.3
Specialty Trades	88.2	87.5	83.8	0.7	4.4
Service-Providing Industries	1,314.9	1,333.8	1,297.5	-18.9	17.4
Trade, Transportation and Utilities	324.2	325.3	323.3	-1.1	0.9
Trade	264.3	265.5	264.1	-1.2	0.2
Wholesale Trade	76.4	76.8	76.4	-0.4	0.0
Retail Trade	187.9	188.7	186.4	-0.8	1.5
Clothing and General Merchandise Stores	46.2	46.7	45.9	-0.5	0.3
Department Stores	25.3	25.5	25.6	-0.2	-0.3
Motor Vehicle and Parts Dealers	30.7	30.6	31.2	0.1	-0.5
Furniture and Home Furnishings Stores	8.0	8.2	7.4	-0.2	0.6
Electronics and Appliance Stores	6.7	6.7	7.4	0.0	-0.7
Building Material and Garden Equipment	15.2	15.6	14.5	-0.4	0.7
Food and Beverage Stores	32.0	32.1	31.4	-0.1	0.6
Transportation, Warehousing and Utilities	59.9	59.8	59.2	0.1	0.7
Transportation and Warehousing	52.5	52.4	51.3	0.1	1.2
Air Transportation	13.5	13.4	14.0	0.1	-0.5
Truck Transportation	14.0	14.1	14.6	-0.1	-0.6
Utilities	7.4	7.4	7.9	0.0	-0.5
Information	36.0	36.1	38.4	-0.1	-2.4
Publishing Industries (Except internet)	6.8	7.0	7.2	-0.2	-0.4
Telecommunications	17.2	17.3	18.3	-0.1	-1.1
Financial Activities	130.6	130.3	130.4	0.3	0.2
Finance and Insurance	95.8	95.8	96.5	0.0	-0.7
Credit Intermediation and Related Activities	56.8	56.7	56.8	0.1	0.0
Insurance Carriers and Related Activities	30.9	31.0	30.9	-0.1	0.0
Securities, Commodity Contracts	8.1	8.1	8.8	0.0	-0.7
Real Estate and Rental and Leasing	34.8	34.5	33.9	0.3	0.9
Professional and Business Services	259.2	257.3	255.7	1.9	3.5
Professional, Scientific and Technical	75.5	75.7	78.8	-0.2	-3.3
Management of Companies and Enterprises	16.6	16.8	17.5	-0.2	-0.9
Administrative and Support and Waste	167.1	164.8	159.4	2.3	7.7
Employment Services	92.1	88.8	84.3	3.3	7.8
Business Support Services	20.0	20.2	20.1	-0.2	-0.1
Services to Buildings and Dwellings	27.7	27.8	26.8	-0.1	0.9
Educational and Health Services	162.0	161.7	150.8	0.3	11.2
Educational Services	23.1	23.1	20.6	0.0	2.5
Health Care and Social Assistance	138.9	138.6	130.2	0.3	8.7
Health Care	119.3	118.9	112.2	0.4	7.1
Ambulatory Health Care Services	61.0	60.8	57.0	0.2	4.0
Hospitals	37.0	37.0	35.3	0.0	1.7
Nursing and Residential Care Facilities	21.3	21.1	19.9	0.2	1.4
Social Assistance	19.6	19.7	18.0	-0.1	1.6
Leisure and Hospitality	151.4	156.0	149.5	-4.6	1.9
Arts, Entertainment and Recreation	20.0	20.8	19.3	-0.8	0.7
Accommodation and Food Services	131.4	135.2	130.2	-3.8	1.2
Accommodation	24.6	25.1	24.2	-0.5	0.4
Food Services	106.8	110.1	106.0	-3.3	0.8
Other Services	63.2	64.1	61.1	-0.9	2.1
Government	188.3	203.0	188.3	-14.7	0.0
Federal	21.8	21.8	20.7	0.0	1.1
State	42.0	42.7	44.2	-0.7	-2.2
State Education	11.1	12.0	13.0	-0.9	-1.9
Local	124.5	138.5	123.4	-14.0	1.1
Local Government Education	59.1	72.8	57.2	-13.7	1.9

Notes:

1) Phoenix-Mesa Metropolitan Area includes Maricopa and Pinal Counties
For other notes and source, see Table 3

Table 3
Tucson Metropolitan Area Labor Force, Employment, and Unemployment Data, July 2003 (2)(a)

(in Thousands)

	July 2003(b)	June 2003(c)	July 2002	Monthly/Yearly Change	
				June '03 July '03	July '02 July '03
Civilian Labor Force (d)	424.4	425.9	423.7	-1.5	0.7
Unemployment	21.1	19.5	21.7	1.6	-0.6
Unemployment Rate	5.0%	4.6%	5.1%	0.4	-0.1
Unemployment Rate (Seasonally Adjusted) (e)	4.8%	4.5%	5.0%	0.3	-0.2
Total Employment	403.3	406.4	402.0	-3.1	1.3
Non Farm Payroll Employment (f,g)	337.5	343.5	334.0	-6.0	3.5
Private Sector	268.5	270.4	266.7	-1.9	1.8
Government	69.0	73.1	67.3	-4.1	1.7
Goods-Producing Industries	54.2	54.6	54.5	-0.4	-0.3
Manufacturing	29.1	29.2	30.6	-0.1	-1.5
Computer and Electronic Products	5.5	5.6	5.8	-0.1	-0.3
Aerospace Products and Parts	11.9	11.9	12.7	0.0	-0.8
Natural Resources and Mining	1.4	1.4	1.5	0.0	-0.1
Construction	23.7	24.0	22.4	-0.3	1.3
Specialty Trades	17.3	17.6	16.1	-0.3	1.2
Service-Providing Industries	283.3	288.9	279.5	-5.6	3.8
Trade, Transportation and Utilities	55.2	55.7	53.9	-0.5	1.3
Trade	47.5	47.9	46.3	-0.4	1.2
Wholesale Trade	6.9	7.2	7.2	-0.3	-0.3
Retail Trade	40.6	40.7	39.1	-0.1	1.5
Clothing and General Merchandise Stores	9.4	9.6	9.4	-0.2	0.0
Department Stores	5.7	5.9	5.6	-0.2	0.1
Food and Beverage Stores	7.8	7.7	7.3	0.1	0.5
Transportation, Warehousing and Utilities	7.7	7.8	7.6	-0.1	0.1
Information	7.3	7.3	7.8	0.0	-0.5
Publishing Industries (Except internet)	3.4	3.4	3.6	0.0	-0.2
Financial Activities	14.8	14.8	14.3	0.0	0.5
Professional and Business Services	39.8	40.1	41.1	-0.3	-1.3
Professional, Scientific and Technical	12.6	12.7	13.7	-0.1	-1.1
Management of Companies and Enterprises	2.6	2.6	2.6	0.0	0.0
Administrative and Support and Waste	24.6	24.8	24.8	-0.2	-0.2
Employment Services	8.6	8.7	8.1	-0.1	0.5
Business Support Services	6.1	6.1	6.5	0.0	-0.4
Educational and Health Services	45.5	45.2	43.8	0.3	1.7
Health Care	34.3	34.2	32.8	0.1	1.5
Ambulatory Health Care Services	13.6	13.5	12.9	0.1	0.7
Hospitals	12.7	12.6	12.2	0.1	0.5
Nursing and Residential Care Facilities	8.0	8.1	7.7	-0.1	0.3
Leisure and Hospitality	36.8	37.6	36.8	-0.8	0.0
Arts, Entertainment and Recreation	5.2	5.5	5.4	-0.3	-0.2
Accommodation and Food Services	31.6	32.1	31.4	-0.5	0.2
Accommodation	7.3	7.4	7.5	-0.1	-0.2
Food Services	24.3	24.7	23.9	-0.4	0.4
Other Services	14.9	15.1	14.5	-0.2	0.4
Government	69.0	73.1	67.3	-4.1	1.7
Federal	9.7	9.6	9.3	0.1	0.4
State	22.6	26.5	22.2	-3.9	0.4
State Education	18.3	22.1	17.8	-3.8	0.5
Local	36.7	37.0	35.8	-0.3	0.9
Local Education	16.3	16.8	15.5	-0.5	0.8

- Notes:
- 2) Tucson Metropolitan Area includes all of Pima County
 - a) Labor force, unemployment, total employment, and seasonally adjusted unemployment rate should not be used for economic-assistance programs. Data for economic-assistance programs are available by contacting DES, Research Administration
 - b) Preliminary and subject to revision in the following month
 - c) Revised
 - d) Adjusted to Current Population Survey (CPS) to reflect place of residence
 - e) Normal seasonal variations have been eliminated to reflect underlying trends
 - f) By place of work; does not include agricultural workers, self-employed, unpaid family members, and domestic workers
 - g) Detail may not add up exactly due to rounding

Source: Prepared by the Arizona Dept. of Economic Security, Research Administration, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics, August 2003